

Remarks of Henry A. Waxman, Chairman
Subcommittee on Health and the Environment
to the
2nd Annual "Meet the Policy Makers" Conference
Hyatt Regency Washington
October 1, 1990

Good morning. I'd like to wish you a happy new fiscal year. But I think the chances that it will be happy are slim.

As health care managers, all of you spend some of your time trying to follow what the Federal government is doing in health policy.

Based on the events of the last few weeks, many of you are probably asking yourselves, "What is going on in Washington? Does anyone have a health policy?"

I don't blame you for asking.

I can't remember the last time I've seen such schizophrenic behavior. Let me give you some examples.

Six days ago, the Pepper Commission released its report. The Commission pointed out that the Medicare and Medicaid programs, which are 25 years old this year, are underfunded to meet the health and long-term care needs of the nation.

Yesterday, the Budget Summit reached agreement. To reduce the deficit, the negotiators proposed to cut the Medicare program by \$60 billion over the next 5 years, and to cut Medicaid by \$2.6 billion over the same period.

That's the biggest cut in Medicaid since the early days of the Reagan Administration, and a more massive cut than Medicare has ever faced -- even at the height of the Reagan-Stockman years.

As if this were not enough, the Summit agreement applies most of

the new revenue it raises to deficit reduction and sets nothing aside to begin phasing in health care reform over the next 5 years. However, the Summit negotiators were able to find \$25 billion over the next 5 years to pay for the President's "growth incentives" and other tax breaks.

Another example. Earlier this month, Secretary Sullivan released Healthy People 2000, which outlines health goals for the nation for the next 10 years. He said, "Good health and access to health care is a benefit that should be available to all Americans."

Now that sounds just like the Pepper Commission. But last July Secretary Sullivan, in a widely publicized speech, told the Atlanta Business Roundtable that he is against Canadian-style reform, he is against employer-based reform, and he is against expansions of the Medicaid program.

Several Administration task forces are still hard at work trying to figure out what they are for. Don't hold your breath.

One last example. This morning, a World Summit for Children is being held at the U.N. One purpose of the meeting is to promote ratification of the U.N. Convention on the Rights of the Child, an international treaty guaranteeing children their basic needs, protections, and freedoms. Article 24 of the treaty recognizes the right of children to access to health care, with special emphasis on primary and preventive services and reduction of infant mortality.

Astonishingly, the U.S. has not ratified this treaty. In fact, the Bush Administration has not yet submitted it to the Senate for ratification. This puts us in the company of countries like Iran, Iraq, South Africa, and Syria, all of whom have so far refused to sign.

America's infant mortality rate is higher than that of 21 other industrial nations. Yet two weeks ago, the Administration, the Governors, and the State Legislators came before my Subcommittee and strenuously opposed legislation that would expand Medicaid coverage for low-income pregnant women and children over the next 10 years.

Sadly, the Summiteers could not find room in this \$500 billion dollar, 5-year agreement, for a few hundred million to extend Medicaid to low-income pregnant women and children.

So. To return to your original question. What is going on here?

Several things.

First, we have a complete failure of leadership in the White House. George Bush and John Sununu seem to think that the way to make America competitive in the global economy is to throw money at wealthy investors. They held out to the end for capital gains tax cuts -- finally settling for tax incentives for businesses and investors -- and have vehemently opposed Democratic proposals to put more resources into programs to invest in the health and well-being of people.

In taking this short-sighted position, the White House is ignoring the findings of its own inter-agency task force on infant mortality. I quote:

"This country cannot afford its current infant mortality rate in economic or in human terms. By applying the knowledge it already has this country can prevent an additional 10,000 infant deaths and an estimated 100,000 disabled conditions in the newborn."

The White House task force goes on to say that "Each infant death represents an estimated \$380,000 in lost productivity. If the U.S. as a whole could achieve the infant mortality rate of the State with the lowest rate, it would realize \$2.3 billion in increased productivity."

During the 1988 campaign, candidate Bush seemed to recognize the problem. He promised to support Medicaid expansions for pregnant women and infants up to 185 percent of poverty, and for children up to poverty.

Sadly, the President has walked away from the his promises. Rather than expanding the Medicaid program, his position in the Budget Summit has been that the program must contribute \$2.6 billion to deficit reduction over the next five years.

Let's face facts. In order to get the infant mortality rate down, we're going to have to reduce the number of high-risk pregnant women who are uninsured. That's going to take additional money. Yet rather than looking for these resources, the White House is doing everything it can to make things worse by chipping away at the Federal tax base and opposing to the end the one thing that would truly address the deficit: an increase in the amount and progressivity of the income tax.

Now not all the blame of our health policy schizophrenia rests with the Administration. The Congress itself has so far been unwilling or unable to come to terms with the issues of cost containment and revenues, which are obviously fundamental to health care reform.

Perhaps the biggest problem, though, is the willingness of the Congress to allow Federal budget constraints dictate health policy. This has gone on for some time now, but this budget summit agreement marks an all-time low.

We're told that, to reduce the deficit, we have to slash Medicare spending. That means large cuts in provider reimbursement, and large increases in beneficiary cost-sharing.

No matter that less than one year ago we enacted major reforms in physician payment, and that reimbursement cuts of this magnitude threaten to undermine those reforms. We need to reduce the deficit, and Medicare has to give.

No matter that beneficiary premiums already increase every year, and that premium increases hit the near-poor elderly the hardest. We need to reduce the deficit, and Medicare has to give.

Let me tell you some of the things the summit agreement has in mind for Medicare beneficiaries:

- raise the Part B premium from 25 to 30 percent of program costs;
- raise the Part B deductible from \$75 to \$150 over the next 3 years
- impose a 20 percent coinsurance requirement on all laboratory services

As for Medicare providers, the Summit would:

- limit the update for hospital payments to 4.1 percent in FY 91, and reduce payments for indirect medical education to 6 percent
- freeze all physician payments -- apparently for the next 5 years -- except for primary care services
- reduce radiology and anesthesiology fees by 10 percent
- cut payments for durable medical equipment and laboratory services.

Frankly, I despair at the health policy hole we are digging ourselves into. The U.S. remains the only industrialized country -- other than South Africa -- that does not offer its citizens universal health care coverage. I do not understand how we will remain competitive in the global economy if we continue to deny health care to 32 million uninsured Americans, including 9 million children.

We must turn this around. We must find the political will to articulate and pay for what we as a society need. Beginning with the Pepper Commission report is a good start.

We can't ignore the problem. If we turn our backs, things will just get worse.

As you health care managers know better than I, all the trend lines point towards

- more uninsured,
- more low birthweight infants,
- more medical underwriting,
- more patient dumping,
- more cost escalation,
- more underfunding of Medicaid and Medicare
- more cost-shifting to other payors, and
- more rationing of care based on ability to pay.

So, even if the Budget Summit is silent about new resources for health care reform over the next 5 years, we will have to find them. Because the alternative -- unhealthy people 2000 -- is simply unacceptable.